
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 8, 2006

LAMAR ADVERTISING COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-30242
(Commission File
Number)

72-1449411
(IRS Employer
Identification No.)

5551 Corporate Boulevard, Baton Rouge, Louisiana 70808
(Address of principal executive offices and zip code)

(225) 926-1000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On August 8, 2006, Lamar Advertising Company announced via press release its results for the quarter ended June 30, 2006. A copy of Lamar's press release is hereby furnished to the Commission and incorporated by reference herein as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|------------------------|--|
| 99.1 | Press Release of Lamar Advertising Company, dated August 8, 2006, reporting Lamar's financial results for the quarter ended June 30, 2006. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 8, 2006

LAMAR ADVERTISING COMPANY

By: /s/ Keith A. Istre
Keith A. Istre
Treasurer and Chief Financial Officer

EXHIBIT INDEX

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| 99.1 | Press Release of Lamar Advertising Company, dated August 8, 2006, reporting Lamar's financial results for the quarter ended June 30, 2006. |



5551 Corporate Boulevard
Baton Rouge, LA 70808

**Lamar Advertising Company Announces
Second Quarter 2006 Operating Results**

Baton Rouge, LA – Tuesday, August 8, 2006 — Lamar Advertising Company (Nasdaq: LAMR), a leading owner and operator of outdoor advertising and logo sign displays, announces the Company's operating results for the second quarter ended June 30, 2006.

Second Quarter Results

Lamar reported net revenues of \$287.6 million for the second quarter of 2006 versus \$264.7 million for the second quarter of 2005, an 8.6% increase. Operating income for the second quarter of 2006 was \$59.2 million as compared to \$53.9 million for the same period in 2005. There were net earnings of \$18.4 million for the second quarter of 2006 compared to net earnings of \$18.7 million for the second quarter of 2005.

Adjusted EBITDA, which we refer to herein as EBITDA (defined as operating income before non-cash compensation, depreciation and amortization and (gain) loss on disposition of assets — see reconciliation to net income at the end of this release), for the second quarter of 2006 was \$135.4 million versus \$125.4 million for the second quarter of 2005, a 8.0% increase.

Free cash flow (defined as EBITDA less interest, net of interest income and amortization of financing costs, current taxes, preferred stock dividends and total capital expenditures — see reconciliation to cash flows provided by operating activities at the end of this release) for the second quarter of 2006 was \$35.8 million as compared to \$72.1 million for the same period in 2005, a 50.3% decrease. The decline in free cash flow was primarily due to an increase in capital expenditures of \$36.7 million as compared to the second quarter of 2005. Of this increase, approximately \$19.0 million was for the deployment of new digital billboards. Interest, net of interest income and amortization of financing costs also increased by approximately \$5.4 million due to rising interest rates and increased indebtedness. Current taxes increased by approximately \$4.4 million related to Canadian and U.S. state and federal income taxes.

Pro forma net revenue for the second quarter of 2006 increased 6.8% and pro forma EBITDA increased 6.8% as compared to the second quarter of 2005. Pro forma net revenue and EBITDA include adjustments to the 2005 period for acquisitions and divestitures for the same time frame as actually owned in the 2006 period. Tables that reconcile reported results to pro forma results and operating income to outdoor operating income are included at the end of this release.

Six Months Results

Lamar reported net revenues of \$540.9 million for the six months ended June 30, 2006 versus \$497.6 million for the same period in 2005, an 8.7% increase. Operating income for the six months ended June 30, 2006 was \$86.5 million as compared to \$83.1 million for the same period in 2005. EBITDA increased 7.0% to \$237.3 million for the six months ended June 30, 2006 versus \$221.8 million for the same period in 2005. There was net income of \$19.9 million for the six months ended June 30, 2006 as compared to net income of \$23.8 million for the same period in 2005.

Free Cash Flow for the six months ended June 30, 2006 was \$64.9 million as compared to \$128.8 million for the same period in 2005, a 49.6% decrease.

Stock Repurchase Program

In November 2005, we announced the adoption of a \$250 million stock repurchase program. Through June 30, 2006, we spent approximately \$228.4 million to repurchase 4.4 million shares of our Class A common stock. At June 30, 2006, \$21.6 million remained available for repurchase under the repurchase plan. The repurchase plan was completed in July 2006. We repurchased a total of 4,852,541 shares under the plan.

Guidance

For the third quarter of 2006 the Company expects net revenue to be approximately \$286 to \$288 million. On a pro forma basis this represents an increase of approximately 6% to 7% over the same period in 2005.

Forward Looking Statements

This press release contains forward-looking statements, including the statements regarding our guidance for the third quarter of 2006. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these forward-looking statements. These risks and uncertainties include, among others, (1) our significant indebtedness; (2) the continued popularity of outdoor advertising as an advertising medium; (3) the regulation of the outdoor advertising industry; (4) our need for and ability to obtain additional funding for acquisitions or operations; (5) the integration of companies that we acquire and our ability to recognize cost savings or operating efficiencies as a result of these acquisitions; (6) the strength of the economy generally and the demand for advertising in particular; and (7) other factors described in the reports on Forms 10-K and 10-Q and the registration statements that we file from time to time with the SEC. We caution investors not to place undue reliance on the forward-looking statements contained in this document. These statements speak only as of the date of this document, and we undertake no obligation to update or revise the statements, except as may be required by law.

Use of Non-GAAP Measures

EBITDA, free cash flow, pro forma results and outdoor operating income are not measures of performance under accounting principles generally accepted in the United States of America ("GAAP") and should not be considered alternatives to operating income, net loss, cash flows from operating activities, or other GAAP figures as indicators of the Company's financial performance or liquidity. The Company's management believes that EBITDA, free cash flow, pro forma results and outdoor operating income are useful in evaluating the Company's performance and provide investors and financial analysts a better understanding of the Company's core operating results. The pro forma acquisition adjustments are intended to provide information that may be useful for investors when assessing period to period results. Our presentations of these measures may not be comparable to similarly titled measures used by other companies. Reconciliations of these measures to GAAP are included at the end of this release.

Conference Call Information

A conference call will be held to discuss the Company's operating results Tuesday, August 8, 2006 at 10:00 a.m. eastern time. Instructions for the conference call and Webcast are provided below:

Conference Call

All Callers: 1-334-323-9871 or 1-334-323-9872

Passcode: Lamar

Replay: 1-877-919-4059

Passcode: 63694686

Available through Friday, August 11, 2006 at 11:59 p.m. eastern time

Live Webcast: www.lamar.com

Webcast Replay: www.lamar.com

Available through Friday, August 11, 2006 at 11:59 p.m. eastern time

General Information on Lamar

Lamar Advertising Company is a leading outdoor advertising company currently operating over 150 outdoor advertising companies in 44 states, logo businesses in 20 states and the province of Ontario, Canada and over 70 advertising franchises in the United States and Canada.

Company Contact:

Keith A. Istre
Chief Financial Officer
(225) 926-1000
KI@lamar.com

LAMAR ADVERTISING COMPANY AND
SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|------------------|------------------------------|-------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Net revenues | \$ 287,577 | \$ 264,743 | \$ 540,910 | \$ 497,572 |
| Operating expenses (income) | | | | |
| Direct advertising expenses | 96,415 | 86,744 | 191,624 | 171,220 |
| General and administrative expenses | 45,804 | 43,569 | 92,118 | 86,324 |
| Corporate expenses | 9,918 | 9,074 | 19,897 | 18,263 |
| Non-cash compensation | 2,912 | — | 5,910 | — |
| Depreciation and amortization | 74,089 | 71,916 | 147,267 | 141,154 |
| Gain on disposition of assets | (712) | (485) | (2,390) | (2,443) |
| | <u>228,426</u> | <u>210,818</u> | <u>454,426</u> | <u>414,518</u> |
| Operating income | 59,151 | 53,925 | 86,484 | 83,054 |
| Other expense (income) | | | | |
| Interest income | (378) | (263) | (605) | (715) |
| Interest expense | 27,126 | 21,757 | 51,969 | 42,619 |
| | <u>26,748</u> | <u>21,494</u> | <u>51,364</u> | <u>41,904</u> |
| Income before income tax expense | 32,403 | 32,431 | 35,120 | 41,150 |
| Income tax expense | 14,031 | 13,687 | 15,208 | 17,371 |
| Net income | 18,372 | 18,744 | 19,912 | 23,779 |
| Preferred stock dividends | 91 | 91 | 182 | 182 |
| Net income applicable to common stock | <u>\$ 18,281</u> | <u>\$ 18,653</u> | <u>\$ 19,730</u> | <u>\$ 23,597</u> |
| <u>Earnings per share:</u> | | | | |
| Basic earnings per share | <u>\$ 0.18</u> | <u>\$ 0.18</u> | <u>\$ 0.19</u> | <u>\$ 0.22</u> |
| Diluted earnings per share | <u>\$ 0.18</u> | <u>\$ 0.18</u> | <u>\$ 0.19</u> | <u>\$ 0.22</u> |
| <u>Weighted average common shares outstanding:</u> | | | | |
| - basic | 103,277,889 | 105,565,241 | 104,138,905 | 105,410,772 |
| - diluted | 104,348,078 | 106,031,171 | 105,101,056 | 105,884,073 |
| OTHER DATA | | | | |
| <u>Free Cash Flow Computation:</u> | | | | |
| EBITDA | \$ 135,440 | \$ 125,356 | \$ 237,271 | \$ 221,765 |
| Interest, net | (25,533) | (20,162) | (48,936) | (39,239) |
| Current tax expense | (6,864) | (2,451) | (9,465) | (2,525) |
| Preferred stock dividends | (91) | (91) | (182) | (182) |
| Total capital expenditures (1) | (67,195) | (30,529) | (113,753) | (51,026) |
| Free cash flow | <u>\$ 35,757</u> | <u>\$ 72,123</u> | <u>\$ 64,935</u> | <u>\$ 128,793</u> |

(1) See the capital expenditures detail included in this release for a breakdown by category.

| | June 30, 2006 | December 31, 2005 |
|---|------------------|----------------------|
| <u>Selected Balance Sheet Data:</u> | | |
| Cash and cash equivalents | \$ 5,446 | \$ 19,419 |
| Working capital | 147,901 | 93,816 |
| Total assets | 3,860,519 | 3,737,079 |
| Total debt (including current maturities) | 1,797,525 | 1,576,326 |
| Total stockholders' equity | 1,664,535 | 1,817,482 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|------------------|------------------------------|-------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Other Data: | | | | |
| Cash flows provided by operating activities | \$ 121,959 | \$ 104,882 | \$ 156,880 | \$ 129,338 |
| Cash flows used in investing activities | 108,797 | 44,236 | 220,568 | 124,139 |
| Cash flows provided by (used in) financing activities | (14,855) | 49,108 | 49,715 | (30,311) |
| Reconciliation of Free Cash Flow to Cash Flows Provided by Operating Activities: | | | | |
| Cash flows provided by operating activities | \$ 121,959 | \$ 104,882 | \$ 156,880 | \$ 129,338 |
| Changes in operating assets and liabilities | (13,305) | (392) | 24,478 | 54,021 |
| Total capital expenditures | (67,195) | (30,529) | (113,753) | (51,026) |
| Preferred stock dividends | (91) | (91) | (182) | (182) |
| Other | (5,611) | (1,747) | (2,488) | (3,358) |
| Free cash flow | <u>\$ 35,757</u> | <u>\$ 72,123</u> | <u>\$ 64,935</u> | <u>\$ 128,793</u> |
| Reconciliation of EBITDA to Net income: | | | | |
| EBITDA | \$ 135,440 | \$ 125,356 | \$ 237,271 | \$ 221,765 |
| Less: | | | | |
| Non-cash compensation | 2,912 | — | 5,910 | — |
| Depreciation and amortization | 74,089 | 71,916 | 147,267 | 141,154 |
| Gain on disposition of assets | (712) | (485) | (2,390) | (2,443) |
| Operating Income | 59,151 | 53,925 | 86,484 | 83,054 |
| Less: | | | | |
| Interest income | (378) | (263) | (605) | (715) |
| Interest expense | 27,126 | 21,757 | 51,969 | 42,619 |
| Income tax expense | 14,031 | 13,687 | 15,208 | 17,371 |
| Net income | <u>\$ 18,372</u> | <u>\$ 18,744</u> | <u>\$ 19,912</u> | <u>\$ 23,779</u> |

| | Three months ended June 30, | | % Change |
|---|--------------------------------|------------|----------|
| | 2006 | 2005 | |
| Reconciliation of Reported Basis to Pro Forma (a) Basis: | | | |
| Reported net revenue | \$ 287,577 | \$ 264,743 | 8.6% |
| Acquisitions and divestitures | — | 4,429 | |
| Pro forma net revenue | \$ 287,577 | \$ 269,172 | 6.8% |
| Reported direct advertising and G&A expenses | \$ 142,219 | \$ 130,313 | 9.1% |
| Acquisitions and divestitures | — | 2,919 | |
| Pro forma direct advertising and G&A expenses | \$ 142,219 | \$ 133,232 | 6.7% |
| Reported outdoor operating income | \$ 145,358 | \$ 134,430 | 8.1% |
| Acquisitions and divestitures | — | 1,510 | |
| Pro forma outdoor operating income | \$ 145,358 | \$ 135,940 | 6.9% |
| Reported Corporate expenses | \$ 9,918 | \$ 9,074 | 9.3% |
| Acquisitions and divestitures | — | — | |
| Pro forma Corporate expenses | \$ 9,918 | \$ 9,074 | 9.3% |
| Reported EBITDA | \$ 135,440 | \$ 125,356 | 8.0% |
| Acquisitions and divestitures | — | 1,510 | |
| Pro forma EBITDA | \$ 135,440 | \$ 126,866 | 6.8% |

(a) Pro forma net revenues, direct advertising and general and administrative expenses, outdoor operating income, corporate expenses, and EBITDA include adjustments to 2005 for acquisitions and divestitures for the same time frame as actually owned in 2006.

| | Three months ended June 30, | |
|--|--------------------------------|------------|
| | 2006 | 2005 |
| Reconciliation of Outdoor Operating Income to Operating Income: | | |
| Outdoor Operating income | \$ 145,358 | \$ 134,430 |
| Less: Corporate expenses | (9,918) | (9,074) |
| Non-cash compensation | (2,912) | — |
| Depreciation and amortization | (74,089) | (71,916) |
| Plus: Gain on disposition of assets | 712 | 485 |
| Operating income | \$ 59,151 | \$ 53,925 |

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|-----------|------------------------------|-----------|
| | 2006 | 2005 | 2006 | 2005 |
| Capital expenditure detail by category | | | | |
| Billboards — traditional | \$ 24,209 | \$ 22,548 | \$ 34,393 | \$ 34,587 |
| Billboards — digital | 19,024 | 65 | 37,051 | 369 |
| Logo | 2,348 | 1,422 | 3,953 | 2,807 |
| Transit | 139 | 324 | 353 | 462 |
| Land and buildings | 4,286 | 2,760 | 11,559 | 7,330 |
| Operating equipment | 14,498 | 3,410 | 16,676 | 5,471 |
| Storm reconstruction | 2,691 | — | 9,768 | — |
| Total capital expenditures | \$ 67,195 | \$ 30,529 | \$ 113,753 | \$ 51,026 |